

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

October 30, 2000

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| IN RE: |) | |
| |) | |
| BELLSOUTH TELECOMMUNICATIONS INC.'S |) | DOCKET NO. |
| TARIFF FOR CONTRACT SERVICE |) | 00-00628 |
| ARRANGEMENT (TN 99-8283-00) |) | |

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (TN 99-8283-00)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on August 15, 2000 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN 99-8283-00 ("CSA"). BellSouth filed Tariff No. 00-00628 on July 17, 2000, with a proposed effective date of August 16, 2000.

Based upon careful consideration of the tariff filing, the Authority finds and concludes as follows:

1. The purpose of this CSA is to provide a Volume and Term Discount to the customer identified in the filing. Through this arrangement, the customer agrees to purchase \$430,000 worth of services in exchange for a six percent (6%) discount.
2. The term of this CSA is two (2) years with an optional one-year renewal. The renewal occurs automatically unless the customer notifies BellSouth in writing within forty-five (45) days of the end of the second contract year that the customer does not wish to renew the contract.

3. This CSA contains provisions for incentive awards and commitment shortfalls. The parties pay the incentive awards or commitment shortfalls during the annual true-up period. BellSouth provided an addendum executed by the customer clarifying the fact that the commitment shortfalls do not apply upon the customer's early termination of the CSA.

4. This CSA contains two termination provisions. The first relates to the termination of the underlying specific service and is linked to the tariff provision applicable to the underlying service. The second applies to the termination of the Volume and Term agreement. This termination provision requires the customer to pay a termination charge equal to the discounts received over the life of the contract or for the previous twelve (12) months, whichever is less, plus a prorated portion of the contract implementation and tracking costs. Because the first termination provision is contained in the underlying, previously approved tariff, it is only the second termination provision that is before the Authority in this docket.

5. In Docket No. 00-00627, BellSouth submitted a proposal, which the Authority accepted. Pursuant to this proposal, BellSouth agreed to notify the customers that, in the event of early termination of the CSA, BellSouth would only collect the lesser of the CSA termination charges or the termination charges resulting from the rulemaking in Docket No. 00-00702.¹ BellSouth stated during the August 15, 2000 Authority Conference that the proposal would apply to this CSA as well.

6. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer

¹ *Rulemaking Proceeding - Regulations for Term Arrangements for Telecommunications Services*, Docket No. 00-00702, was opened by the Directors to establish rules in order to regulate the use of CSAs and tariff term plans by Independent and Competing Local Exchange Carriers.

and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

7. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. Based on this information, BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).

8. No parties sought to intervene in this docket.

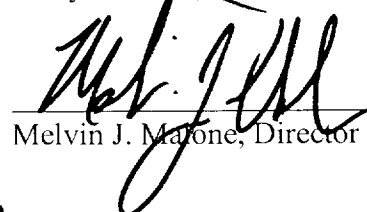
Based on the foregoing findings and conclusions, the Directors unanimously determined that the CSA in this docket should be granted.

IT IS THEREFORE ORDERED THAT:

BellSouth Telecommunications, Inc.'s Tariff No.00-00628, which seeks approval of Contract Service Arrangement No. TN 99-8283-00, is hereby granted subject to BellSouth notifying the customer in writing that BellSouth waives any right to collect termination charges higher than the lesser of the CSA termination charges or the termination charges established in Docket No. 00-00702 and providing a copy of the notification letters to the Authority.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary